



Per Capita Consumption of Selected Functional Foods in Canada

Typical Sources	Class / Components*	Latest Year**	Change v. Two Years Ago
Oatmeal and rolled oats	Dietary Fibre / Beta Glucan	2.44 kg	+ 68%
Tree Nuts	Dietary Fibre / Monounsaturated fatty acids	1.32 kg	- 10%
Fish	Fatty Acids / Omega-3	6.88 kg	- 1%
Blueberries, and Cranberries	Flavonoids / Anthocyanidins	1.1 kg	+ 52%
Tea	Flavonoids / Flavonols	66.37 L	+ 5%
Cruciferous vegetables ***	Isothiocyanates / Sulforaphane	4.42 kg	- 6%
Onions, garlic, leeks	Prebiotics/Probiotics / Inulin, Fructooligosaccharides	4.44 kg	- 5%
Yogurt	Prebiotics/Probiotics / <i>Lactobacilli, Bifidobacteria</i>	4.63 L	+ 16%

* Foods and beverages that would qualify for more than one functional food class are assigned to only one

** For some foods the latest data is for 2004, for others 2003

*** Cruciferous Vegetables: Broccoli, Cabbage, Cauliflower, Brussels Sprouts

Source: Statistics Canada, Food Statistics 2004, Vol. No. 1

THE NEXT **BIG** THING

Whole grains have all the characteristics necessary to become the next omega-3. Both are recommended by Canada's Food Guide and America's new Food Pyramid. Just as egg producers established the viability of omega-3 eggs, so too commercial, independent and in-store bakeries have established a significant niche for whole grain breads.

Whole grains have made more small inroads in related baked categories, such as cookies, crackers and salted snacks, than omega-3 has in the cheese, yogurt and other dairy categories prior to 2004 but these initiatives escaped public notice for lack of significant advertising and promotion.

All that is about to change this month with General Mills's massive whole grains campaign encompassing all of its breakfast cereals.

Recall that at this time last year, consumers could be forgiven for imagining that omega-3 was a brand of eggs. Over the next 12 months, however, they were introduced to omega-3 milk, margarine, cheese, yogurt, ice cream and now salad dressings. In the dairy category omega-3 has become as ubiquitous as "calcium fortified" eight years after Burnbrae Foods won a Canadian Grand Prix New Product Award for its Omega-3 eggs.

General Mills is getting a head start on its breakfast table rivals by converting the entire range of its cereals to whole grain. Cheerios, of course, was always whole grain but now it will be joined by whole grain Lucky Charms, Count

Chocula and 19 other SKUs bearing the "General Mills Whole Grain: All General Mills Cereals Are Made With Whole Grain!" banner across the bottom quarter of every front panel. And, adds Dale Storey, whole grains will lead the list on every ingredient panel.

Storey, General Mills' vice-president marketing, says "This will be the second biggest marketing campaign in my 10 years with General Mills and will reach over 90 per cent of Canadians in the first seven days via TV, radio and print media. The broad coverage is desirable and necessary because breakfast cereal has one of the highest household penetration rates of any food category. Ninety-seven per cent of Canadians regularly or occasionally buy hot or cold breakfast cereals."



The campaign will build on the findings of an Ipsos-Reid survey conducted for General Mills. It found that seven in 10 Canadians reported "not getting an adequate amount of whole grains" and a similar proportion (73 per

cent) could not recognize products made from whole grains. As a result the campaign will have a major consumer education component, the benefits of which should accrue to makers of whole grain pastas, cookies and similar foods.

Consumers are likely to be responsive because they are keen to improve their food choices. Sue Mah, a registered dietitian and Toronto-based nutrition consultant working with General Mills, notes that Canada's Food Guide has been promoting whole grains since its 1992 edition and periodic surveys by the National Institute of Nutrition (absorbed by the Canadian Council of Food and Nutrition last November) have consistently found that as many as 66 per cent and no less than 53 per cent of Canadians say that nutrition is extremely or very important to them when choosing food products. The benefits of whole grains include a lower risk for heart disease and some types of cancer and diabetes. The blood cholesterol lowering effect is really only observed with the soluble fibre in oats, and not generally with whole grains. Oats and rolled oats in particular have been major beneficiaries of functional food trends thanks to the success of oat-based baked goods and especially granola



Nutrients Consumed From the Canadian Food Supply (per person/per day)

	Units	2003	CAGR 1991-2001	CAGR 2001-2003
Energy	Kcal	2857.08	+1.4 %	+0.4%
Carbohydrates	Grams	373.88	+1.4%	+0.6%
Proteins	Grams	78.99	+1.0%	-0.5%
Fat - total	Grams	106.00	+1.7%	+0.3%
Monounsaturated fatty acids	Grams	50.29	+1.8%	+0.0%
Polyunsaturated fatty acids	Grams	20.81	+3.3%	+1.4%
Saturated fatty acids	Grams	27.92	+0.6%	+0.1%
Cholesterol	MG	266.51	+0.4%	-0.4%

Source: Statistics Canada, Food Statistics 2004, Vol. No. 1

bars and cereal bars. In the two years ended 2003, per capita consumption rose by two thirds to almost 2.5 kg.

Timing, timing, timing

"In real estate it's location, location, location but here in packaged goods it's timing, timing, timing," says Renee Unger, president of Toronto-based Intercorp Excelle Foods Inc. The timing is right, she adds, for her new line of six Renee's Wellness dressings based on the most popular

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functional foods including flax, pomegranates, figs, garlic, lemon and chicory. Naturally, the flax seed oil earns each bottle a “Source of Omega-3” neck banner.

Unger began planning the current lineup in early 2003. She was in the midst of eliminating or significantly reducing trans fat levels in her other lines and wondered when consumers would move beyond reading labels for what had been eliminated in their favourite foods to seeking out desirable added ingredients such as chicory. June 2005, she decided, would be the time to launch but hedged her bets by giving equal prominence to the absence of trans fats (where appropriate) and the addition of flax seed oil and other functional foods.

The timing, however, wasn't favourable for Sepp's Gourmet Foods when it launched a line of functional foods-based prepared foods under the Truly Unique label back in 2001. The lineup featured flax seed, soy, shiitake mushroom and chicory root among others. Jim Pratt, CFO of the Surrey, B.C.-based specialty foods maker, recalls “there wasn't much pull through by the grocers.” He attributes that to Truly Unique's high standards, which called for certain ingredients, such as organic beef, that was so scarce at the time and hence so expensive that the Roasted Vegetarian Pot Pie and Steak and Shiitake Mushroom Pot Pie were not price competitive in the frozen entrée sections of grocers' freezers. The Chili Bite Vegetarian Pot Pie fared best but couldn't support the other two entrées.

Pratt doesn't discount reintroducing the Chili Bite now that Sepp's has expanded into co-packing and private label production. He concludes, “We still like the category – functional foods – with all the health benefits that entails. It has huge opportunities.”

Forty km west of Sepp's plant and three years later premium beverage maker and marketer Leading Brands, Inc. capitalized on the latest functional food research favouring blueberries and launched TrueBlue – a line of

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four juice cocktails pairing blueberry juice with green tea as well as cranberry and pomegranate juice. The study that particularly captured the attention of chairman and CEO Ralph McRae was one conducted for the USDA at Tuft's University Human Nutrition Center on Aging that found blueberries are number one in

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Blueberries had two additional advantages. Because blueberries have a strong natural pigment they don't need added colour and so the fruit cocktails can be pitched as natural. And because they are naturally sweeter than cranberries blueberries require less added sugar (cane sugar to retain the natural claim instead of HFCS) and hence fewer added calories.

B.C. was already a leading North American producer of blueberries and just two years earlier, Leading Brands had made a major investment in equipment to fill rectangular, multi-serve PET bottles for Ocean Spray. Subsequently Ocean Spray expanded its internal filling capacity allowing



“The most successful new products require the least changes in consumer behaviour.”

Leading brands to move all its 64 oz (1.89 L) products into that increasingly popular rectangular format. Last November, TrueBlue was launched in the new bottle. Due to the format the product is pitched to entire families, not just adults or kids.

Eight months later TrueBlue has good retail distribution in Western Canada, Quebec, and half the American states but no coverage in the American Midwest and Northeast and only spotty coverage in Ontario (mostly Longo's, Whole Foods and some Foodlands) and Atlantic Canada (mostly Ultramar). Joanne Saunders, director of marketing, says the line “continues to win new listings and more important good reorder activity.”

Doug Burn is a Toronto-based freelance writer and editor.

Tea mirrors growth in functional foods

Tea is back in fashion. For the first time, hot tea ranks in the Top 10 of foods and beverages most frequently ordered in restaurants. Iced tea is enjoying a fourth straight year of double-digit retail sales growth. While conventional black tea sales are up a modest three per cent,

overall tea consumption per capita has reached a 16-year high. Green tea, meanwhile, has emerged as the most popular hot tea after black with a 26 per cent sales increase for the 52 weeks ended May 14. These developments illustrate a number of patterns and trends for functional foods.

• Age matters. The last peak in Canadian tea

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consumption occurred a year before the median age of baby boomers rose to 16 years. For 12 months in 1970 tea outsold coffee 51 cups to 49. As the boomers entered college and the workforce, caffeine triumphed. (Only when the median boomer reached 35 did tea reverse its 20 year decline.)

Steve French explains that of the five consumer segments tracked by the Natural Marketing Institute (NMI) the least concerned about health are the “Eat, Drink and Be Merry,” a group dominated by the youngest consumers. French, managing partner of the Harleyville, Penn., research firm notes that the fastest growing consumer segment – the “Well Being” group – also happens to be heavily populated with boomers. Members of this group have the highest usage rates of most health-related foods and beverages.

- Consumers are now seeking nutritional benefits rather than simply avoiding unhealthy attributes in foods. Sales of decaffeinated teas have flat-lined as sales of green tea have jumped 26 per cent (52 weeks to Jan. 26).
- NMI’s French explains that consumers until now were primarily motivated to avoid caffeine, trans fats and carbohydrates but in the last 12 to 24 months have begun to seek out foods for their health benefits. He forecasts rising sales of fortified (e.g. calcium enriched) and functional foods for 2005/6.
- Significant changes in consumer behaviour are rare and occur slowly. From tea’s peak to its latest trough took 20 years while sales of green tea have soared in the last 12 months.

Marion Chan says green tea’s success shows that “the most successful new products require the least changes in consumer behaviour.” Chan, director, food and beverage for Don Mills, Ont.-based NPD Group Canada explains that fundamental changes occurring over short periods tend to be blips as consumers subsequently revert to their traditional favourites.

- Food trends are complementary. For the 12 months ended Feb. 2005, hot tea entered the Top 10 of most frequently ordered items at the same time as deli sandwiches, the other “healthier” option (after salad) also gained share.

Louise Roberge, president of the Toronto-based Tea Association of Canada, notes that hot tea made its biggest gains in the quick service restaurant segment at the same time as Subway, Tim Hortons and MacDonald’s were promoting the healthful attributes of their sandwiches.

- Health halos extend to alternative formats and foods. In April, the Pepsi Lipton Partnership launched a premium Lipton Iced Tea with a high tea content and less sweetness. At the same time, green tea is being added to a variety of foods from sorbets to fruit juices.

Alan Koval made the health linkage explicit at the time of the launch. “And now Canadians, who are more and more health conscious, can have a premium quality iced tea in a convenient can, high in tea solids and rich in antioxidants,” said Koval, director of the Mississauga-based Pepsi Lipton Partnership. Iced tea sales in Canada have grown by close to 11 per cent per year since 2001 and are expected to grow a further 17 per cent annually by 2007.

— Doug Burn

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